

EXHIBIT E

To: Robert Ladd[rladd@mgtci.com]
Cc: Barry Honig[brhonig@aol.com]; Harvey Kesner[hkesner@SRF.LAW]; Robert Traversa[RTraversa@mgtci.com]; Arthur Marcus[amarcus@SRF.LAW]; Jay Kaplowitz[jKaplowitz@SRF.LAW]
From: John Stetson
Sent: 2012-10-12T12:51:02-04:00
Importance: Normal
Subject: Re: Term Sheet2 MGT / LADD SIGNED --SHELF
Received: 2012-10-12T12:51:09-04:00
[MGT - FULLY EXECUTED.pdf](#)

;;;;;;Counter-signed attached.

On Fri, Oct 12, 2012 at 12:43 PM, Robert Ladd <rladd@mgtci.com> wrote:

Here is a cleaner version...looks better for Amex.

Please asap. Thanks!



MGT Capital Investments, Inc. (NYSE-Amex: MGT)
Robert B. Ladd CFA
President and CEO
500 Mamaroneck Avenue – Suite 204
Harrison, NY 10528
(914) 630-7430 office
(914) 643-6855 cell
AIM: laddcap

From: John Stetson <stetson.john@gmail.com>

Date: Friday, October 12, 2012 12:16 PM

To: Robert Ladd <rladd@mgtci.com>

Cc: Barry Honig <brhonig@aol.com>, "hkesner@SRFF.COM" <hkesner@srff.com>, Robert Traversa <rtraversa@mgtci.com>, Arthur Marcus <amarcus@srff.com>, "jatenterprise@aol.com" <jatenterprise@aol.com>

Subject: Re: Term Sheet2 MGT / LADD SIGNED --SHELF

Please see attached.

On Fri, Oct 12, 2012 at 12:10 PM, Robert Ladd <rladd@mgtci.com> wrote:



MGT Capital Investments, Inc. (NYSE-Amex: MGT)
Robert B. Ladd CFA
President and CEO
500 Mamaroneck Avenue – Suite 204
Harrison, NY 10528

(914) 630-7430 office

(914) 643-6855 cell

AIM: laddcap

From: Barry Honig <brhonig@aol.com>

Date: Friday, October 12, 2012 11:47 AM

To: Robert Ladd <rladd@mgtci.com>

Cc: "stetson.john@gmail.com" <stetson.john@gmail.com>

Subject: Term Sheets

Rob,

Please send back final term sheets for equity and preferred to myself and John.

Barry

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MGT CAPITAL INVESTMENTS, INC.

Term Sheet for Offering of Convertible Preferred Shares and Warrants

The purpose of this letter is to set forth the indicative terms pursuant to which, subject to certain conditions set forth herein, MGT Capital Investments, Inc. (the "Company") would sell certain securities to certain Accredited investors (the "Investors"). The terms and conditions set forth herein are subject to change and this letter does not constitute an offer; however, the Binding terms section of the document is binding. The issuance and sale of such securities is subject to completion of due diligence to the investors' satisfaction, and the preparation of definitive documentation to effect this transaction that is mutually satisfactory to each party, with Closing no later than December 8, 2012.

Issuer:	MGT Capital Investments, Inc. (NYSE MKT: MGT.BC)
Securities:	\$4.5 million par value of Class A Convertible Preferred Shares (the "Preferred Shares") and Warrants (as described below). Standard 9.9% blockers apply.
Maturity:	The Preferred Shares shall be perpetual, subject to Conversion.
Seniority:	The Preferred Shares will be senior to all existing and future equity of the Company, and contain a \$4.5 million liquidation preference.
Use of Proceeds:	The Company will use the proceeds of the transactions contemplated hereby for general corporate purposes. \$2.0 million of corporate cash will be segregated.
Interest:	Dividends will accrue at a rate of 6% per annum starting on the Closing Date, payable quarterly in arrears. The Company may elect to pay dividends in cash or in additional Preferred Shares.
Conversion:	Investors may elect to convert the Preferred Shares into the Company's Common Stock, at the Conversion Price, at any time. The Conversion Price shall be fixed at \$3.00, or as otherwise mutually determined to qualify as an "at market" deal for Exchange purposes.
Warrants:	The Company shall issue a number of Warrants, each to purchase one share of Common Stock, in a quantity equal to two times the number of shares of Common Stock the Investor would receive if the Preferred Shares were converted in full at the Conversion Price. The warrants shall expire five (5) years from the closing date. The Exercise Price shall be fixed at \$4.00, subject to price adjustment only in the event of stock split(s). If a prospectus covering the shares of Common Stock underlying the Warrants is not available, the Investor may exercise the warrant using standard cashless exercise provisions.

MGT CAPITAL INVESTMENTS, INC.
CONFIDENTIAL TERM SHEET

Registration Rights: Within 30 days of Closing, the Company shall file a Registration Statement with the SEC covering the Common Stock underlying the securities contemplated herein. The Company will further use its best efforts to expedite such Registration, or agree to standard cash penalties.

Insider Lockup: Insiders agree not to sell at under \$8.00 per share for 180 days. The foregoing is further limited as follows: until such time as 50% of the Preferred Shares are registered, insiders may sell no more than 20% of their holdings at \$8.00 per share, and the remaining 80% at \$10.00 per share.

Right of Participation: Investors in this offering shall have the right to participate in any future offering of securities of the Company until the second anniversary of the end of the Restricted Period.

**Investor Relations;
Public Relations:** So long as any Preferred Shares remain outstanding, the Company shall engage an investor relations firm and a public relations firm acceptable to Chardan Capital Markets, in its sole discretion, at a price not to exceed \$210,000 in year one, and \$10,000 monthly thereafter. The Company also agrees to engage a public relations firm acceptable to Chardan for a minimum of six months, at a price not to exceed \$100,000 in total.

Binding Terms:

Expense Reimbursement: Each party pays for their own expenses incurred in the research, preparation and review of this investment opportunity. For expediency and cost control, both side agree to waive conflict and use Sichenzia Ross.

Other Fees: A placement fee of cash and Warrants (not to exceed \$150,000 in cash) shall be payable at Closing to Chardan Capital Markets.

Counterparts: This Term Sheet may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original.

Governing Law: New York.

We look forward to working with you to consummate this transaction in a timely manner.

(SIGNATURE PAGES FOLLOW)

**MGT CAPITAL INVESTMENTS, INC.
CONFIDENTIAL TERM SHEET**

IN WITNESS WHEREOF, the Company and the Investor have caused this Term Sheet to be duly executed as of October 12, 2012.

Company:

MGT CAPITAL INVESTMENTS, INC.

By: 

Name: Robert Ladd

Title: President and Chief Executive Officer

Investor:

STETSON CAPITAL INVESTMENTS, Inc.

By: 

Name: John Stetson

Title: President



MGT CAPITAL INVESTMENTS, INC.

Term Sheet for Offering of Common Stock

The purpose of this letter is to set forth the indicative terms pursuant to which, subject to certain conditions set forth herein, MGT Capital Investments, Inc. (the "Company") would sell certain securities to certain Accredited investors (the "Investors"). The terms and conditions set forth herein are subject to change and this letter does not constitute an offer; however, the Binding terms section of the document is binding. The issuance and sale of such securities is subject to completion of due diligence to the investors' satisfaction, and the preparation of definitive documentation to effect this transaction that is mutually satisfactory to each party, with Closing no later than December 8, 2012.

Issuer: MGT Capital Investments, Inc. (NYSE MKT: MGT.BC)

Securities: 453,942 Shares of Common Stock, \$0.001 par value; up to 100,000 shares available between signing of Term Sheet and Closing, in sole control of investor.

Price: \$3.00 per share.

Use of Proceeds: The Company will use the proceeds of the transactions contemplated hereby for acquisition of intellectual property and general corporate purposes.

Registration Rights: The securities contemplated herein are Registered under an Effective S-3 Registration Statement dated September 25, 2012, on file with the SEC.

Binding Terms:

Expense Reimbursement: Each party pays for their own expenses incurred in the research, preparation and review of this investment opportunity.

Counterparts: This Term Sheet may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original.

Governing Law: New York.

We look forward to working with you to consummate this transaction in a timely manner.

(SIGNATURE PAGES FOLLOW)

DOC ID:18390138.6

**MGT CAPITAL INVESTMENTS, INC.
CONFIDENTIAL TERM SHEET**

IN WITNESS WHEREOF, the Company and the Holder have caused this Agreement to be duly executed as of October 12, 2012.

Company:

MGT CAPITAL INVESTMENTS, INC.

By: 

Name: Robert Ladd

Title: President and Chief Executive Officer

Investor:

STETSON CAPITAL INVESTMENTS, INC.

By: 

Name: John Stetson

Title: President